

City of Cheyenne  
Housing & Community Development  
Community Development Block Grant

SUB-GRANTEE  
PROCEDURES

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## **Introduction**

The purpose of this procedure's manual is to provide sub-grantees with an overview of the CDBG program, as well as providing pertinent information that the City will require for the successful completion of projects.

We trust that this procedures manual will aid you in your understanding of the CDBG program and assist you with organization of your program. We look forward to working together toward a common goal of successful projects.

## **Program Overview**

The primary objective of Title 1 of the Housing and Community Development Act of 1974, as amended, and of the Community Development Block Grant Program is the development of viable communities, by the provision of decent housing and a suitable living environment and expanding economic opportunities, principally for persons of low- and moderate-income. CDBG funds must be used for activities that meet one of the following national objectives.

### **National Objectives**

- Benefiting low- and moderate-income persons
- Preventing or eliminating slums or blight
- Meeting an urgent community development need

The primary National Objective that is used is benefiting low- and moderate-income persons.

- A low- and moderate- income (LMI) person is defined as a member of a family having an income equal to or less that the Section 8 Housing Assistance Payments Program low-income limits established by HUD applicable to the size of the person's family.
- A LMI household is defined as a household in which the total income of all of the household members is equal to or less that the Section 8 Housing Assistance Payments Program low-income limit established by HUD for an equivalent sized family.
- A household is defined as all persons occupying the same housing unit, regardless of their relationship to each other.
- In order for an individual to qualify as LMI Limited Clientele the sub-grantee must verify the household income and maintain this verification in their file. Primary information acceptable is a copy of their latest signed IRS 1040 form with W-2's. Secondary or backup information includes: Bank Statements, Social Security Letter, Retirement Verification, Utility Bill, etc. Contact the H&CD Program Manager with any questions at (307) 637-6255.
- An area benefit activity is an activity which is available to benefit all the residents of an area which is primarily residential and over 51% LMI. Low/Moderate Income Areas are identified through the U.S. Census Bureau, Census Tract and Block percentages for low/moderate areas. Contact the H&CD Program Manager for LMI areas in Cheyenne.

Projects that use the L/M Income Jobs - CFR 570.208(a)(4) National Objective

This is an activity which creates or retains permanent jobs, at least 51% of which, on a full time equivalent (FTE) basis, are either held by L/M income persons or considered to be available to L/M income persons. The household income must be identified.

Primary information acceptable is a copy of their latest signed IRS 1040 form with W-2's. Secondary or backup information includes: Bank Statements, Social Security Letter, Retirement Verification, etc.

### **Eligible Activities - Appendix A**

CDBG Eligible Activities include, but are not limited to the following:

- Acquisition
- Public Facilities and Improvements
- Public Services
- Rehabilitation
- Homeownership Assistance
- Job Creation

### **Ineligible Activities/Costs**

CDBG Ineligible Activities

- Buildings or portions thereof, used for the general conduct of government
- General government expenses
- Political activities

CDBG Ineligible Costs include, but are not limited to the following:

- Salaries
- Administrative Expenses
- Cost of operating or maintaining public facilities/improvements
- Cost of purchasing construction equipment
- Costs of furnishings and other personal items i.e. uniforms
- New construction of public housing
- Political activities
- Ongoing grants or non-emergency payments (over 3 months) to individuals for their food, clothing, rent, utilities, or other income payments
- Creation of a secondary housing unit attached to a primary unit
- Costs of equipment, furnishings, or other personal property not an integral structural fixture i.e window air conditioner, washer, dryer
- Labor costs for homeowners to rehabilitate their own property
- Gifts to clients
- Advertising *not* associated with personnel recruitment, procurement of goods and services, and disposal of surplus property
- Costs incurred by advisory councils or committees unless specifically authorized by HUD
- Costs of alcoholic beverages
- Bad debts and/or any losses arising from un-collectible accounts
- Contributions and donations, including cash, property and services made by organization regardless of recipient
- Donations to a contingency reserve or unforeseen events
- Costs of organized fundraising
- Fines and penalties resulting from violations or failure to comply with laws and regulations
- Membership expenses in lobbying organizations

- Interest and other financial costs
- Personal items
- Legal fees
- Stipends or subsistence-type grant payments

For a complete description of eligible and ineligible costs, please see OMB Circular No. A-122 and HUD 24 CFR 570.201 & 207.

## **CDBG Program Management Regulations**

The program regulations governing the management and financial systems for the CDBG program are promulgated by the federal government in 24 CFR Part 570, subparts J and K.

- Subpart J (24 CFR 570.500—570.513) is the general responsibilities for grant administration, including uniform administrative requirement, provisions of sub-grantee agreements, program income, use of real property, record-keeping and reporting, and closeout procedures.
- Subpart K (24 CFR 570.600—570.614) deals with other CDBG program requirements such as, civil rights, labor standards, environmental standards, flood insurance, relocation, displacement, acquisition, employment and contracting opportunities, lead-based paint, use of debarred, suspended or ineligible contractors, uniform administrative requirements and cost principles, conflicts of interest and the Americans with Disabilities Act.

In addition to the Code of Federal Regulations (CFR) there are three other categories of requirements that affect the administrative procedures that sub-grantees must have in place in order to receive grants:

- Administrative circulars from the Office of Management and Budget (OMB) and Department of the Treasury governing cost principles, administrative systems, fiscal procedures and audit requirements for public and private grantees and sub-grantees.
- Federal regulations governing administrative and audit requirements for grants and cooperative agreements (governmental sub-grantees) for which HUD has oversight responsibilities.
- Executive Orders from the Office of the President implementing various equal employment opportunity and environmental policies.

## **Organization**

Sub-grantees must establish a system for record keeping that will assist the H&CD Office and HUD in the management of the approved program. It will be important to simplify the administration and monitoring of the CDBG Program by organizing your files. The establishment of files both electronic and hard copy is critical to the activity success and for effortless monitoring and public review. **Documentation to support compliance is mandatory.** Proper organization will help track important documentation during the life of the activity. This section will provide an outline of a suggested filing system and records retention that will meet the HUD monitoring requirements. Every sub-grantee is required to establish and maintain at least three major categories of records:

- Administrative records are the files and records which apply to the overall administration of CDBG activities. They will include personnel files, property management files,

program policies and guidelines, CDBG related correspondence, contract and related documents, legal documents and board minutes.

- Financial records will include accounting procedures, journals and ledgers, source documentation (purchase orders, invoices, and canceled checks), bank account records, financial reports, audit files, etc.
- Beneficiary records document activities and services provided to the individual beneficiaries. Please note that income verification documentation is required for all clients. These forms are kept on file to demonstrate compliance with the HUD guidelines for meeting National Objectives. Proof of city residency must also be maintained.

In addition to the above documentation general service sub-grantees will need to maintain complete records of the project.

- Acquisition projects need to maintain all correspondence with the owner. A copy of the appraisal and lead based paint report. A copy of the purchase offer, along with the deed, title evidence, and closing documents i.e. mortgage, and any other pertinent documentation.
- Construction projects need to maintain all Davis Bacon documentation to include: Copies of wage determination, pre-construction conference minutes, certified payroll forms, interview forms, apprentice certificate, and any other pertinent Davis Bacon documentation. Section 3 documentation also needs to be maintained especially if the contractor hires new workers. The bid specifications packet, and actual proof of publication of the Bid Notice. All bids received along with a bid comparison list. The contract documentation with the General and Subcontractors and other related materials.
- Housing Rehabilitation projects need to maintain a copy of the established procedures for conducting the housing rehabilitation program. Each house rehabilitated should have its own file with bid documentation, scope of work, contracts, lead based paint inspection report, city housing permit, home inspection reports, contractor invoice, homeowner demographic data (income verification, race/ethnicity, etc.), before and after photo's, etc.

All records must be accurate, complete and orderly. The City recommends that your agency establish a separate filing system for all CDBG related files in an easily accessible location for ease of monitoring. Keeping in mind that representatives of HUD, the Inspector General, the General Accounting Office, the Comptroller General of the United States, the State Auditor's office, and the City of Cheyenne or any of their duly authorized representatives will have access to any pertinent books, records, accounts, documents, papers, and other property belonging to or by the sub-grantee in order to make audits, examinations, excerpts or transcripts.

### **Application Process**

- A Notice of Funding Availability (NOFA) will be published in September.
- An application training session will be held the first Wednesday of October. Concept Papers will be handed out. The Program Manager will be available to answer any questions via phone, e-mail or in person and to provide technical support to ensure that the Scope of Work Plan and Budget for the concept paper is in line with approved contract projects, activities and HUD Matrix Codes.

- Just a reminder, the CDBG funds are for new and innovative projects addressing community needs, as gap money to address specific community needs not being met elsewhere, and as capacity money to leverage funds and address a greater community need. This funding is not intended for on-going operations.
- Concept Papers will be due the last week of October. Multiple applications are acceptable from any applicant; however, a separate application must be submitted for each project. Projects must be located within the corporate city limits of Cheyenne or demonstrate that a majority of the clients served reside within the city of Cheyenne. (For General Service projects the sub-grantee will need to provide proof that over 51% are city residents. For Public Service projects the city CDBG funds are not intended to serve non-city residents. You will need to verify city residency i.e. BOPU bill.)

**NOTE:** If the sub-grantee will be doing a construction project they will need to inform their contractor that Section 3 and Davis Bacon will apply to their project. Section 3 and Davis Bacon verbiage will need to be included in the bid documentation. The H&CD Program Manager will be able to assist with this verbiage. Also, if the contractor will be using apprentices then the company and all apprentices need to be registered in the apprentice program with the U.S. Department of Labor.

- A Public Hearing will be held the first Wednesday of November to inform the public which agencies have applied for the funding. The concept papers will be available to review and/or for comment.
- The sub-grantee will be notified after the public hearing if their concept paper has been chosen to proceed to the application phase.
- Applications will be due the third week of December. Again, the Program Manager will be available to answer any questions via phone, e-mail or in person.
- If the application progresses to the next phase the sub-grantee will be invited to a Formal Presentation in February.
- The sub-grantee will be notified after the Formal Presentations if their application has been accepted and the dollar amount that is recommended. Shovel ready projects will also be identified but no funding will be attached. The shovel ready projects might be funded if another project has been rejected by the City Council or HUD or funding has been recaptured throughout the year.
- An Annual Action Plan will be written.
- The Action Plan will go before City Council in April.
- The sub-grantee will be asked to attend the public hearing, finance committee, and City Council, in order to answer any questions that might be asked regarding their application.

- The Action Plan will then go to HUD for final approval. Approval should be received July 1. (It could be as late as August 30.)

## **Environmental Restrictions on Commitments and Site Disturbance**

The H&CD Office will complete an environmental review. If the sub-grantee is doing a construction project a Notice of Intent to Request a Release of Funds must be published and approved by the HUD Environmental Office prior to starting the bidding process and signing the Sub-Grantee Agreement. Public Service activities are considered exempt.

### **§ 58.22 Limitations on activities pending clearance.**

(a) Neither a recipient nor any participant in the development process, including public or private nonprofit or for-profit entities, or any of their contractors, may commit HUD assistance under a program listed in § 58.1(b) on an activity or project until HUD or the state has approved the recipient's RROF and the related certification from the responsible entity. In addition, until the RROF and the related certification have been approved, neither a recipient nor any participant in the development process may commit non-HUD funds on or undertake an activity or project under a program listed in § 58.1(b) if the activity or project would have an adverse environmental impact or limit the choice of reasonable alternatives.

(b) If a project or activity is exempt under § 58.34 or is categorically excluded (except in extraordinary circumstances) under § 58.35(b), no RROF is required and the recipient may undertake the activity immediately after the responsible entity has documented its determination as required in § 58.34(b) and § 58.35(d), but the recipient must comply with applicable requirements under § 58.6.

(c) If a recipient is considering an application from a prospective subrecipient or beneficiary and is aware that the prospective subrecipient or beneficiary is about to take an action within the jurisdiction of the recipient that is prohibited by paragraph (a) of this section, then the recipient will take appropriate action to ensure that the objectives and procedures of NEPA are achieved.

(d) An option agreement on a proposed site or property is allowable prior to the completion of the environmental review if the option agreement is subject to a determination by the recipient on the desirability of the property for the project as a result of the completion of the environmental review in accordance with this part and the cost of the option is a nominal portion of the purchase price. There is no constraint on the purchase of an option by third parties that have not been selected for HUD funding, have no responsibility for the environmental review and have no say in the approval or disapproval of the project.

## **Lead Based Paint Procedures**

For all General Service rehabilitation projects for properties built before 1978 the subrecipient will need to ensure that a lead-based paint test is completed, and documentation of the lead test needs to be provided to the H&CD Office. The Lead-Safe Housing Rule Checklist and the Lead-Safe Housing Rule – Applicability Form must be completed and provided to the H&CD Office. If lead is present a certified lead renovator must perform the work. A copy of the Lead

Renovator Certificate and the lead clearance results must also be provided prior to reimbursement.

Federal law requires that individuals receive certain information before renovating six square feet or more of painted surfaces in a room for interior projects or more than twenty square feet of painted surfaces for exterior projects in housing, child care facilities and schools built before 1978.

If the subrecipient is working with homeowners, the subrecipient will need to provide the homeowner a copy of “Renovate Right” if the rehabilitation project requires paint to be disturbed. The subrecipient will also need to ensure that if lead based paint is present that a lead certified contractor performs the work. A copy of the contractor’s certification needs to be provided to the H&CD Office and lead wipe test results need to be submitted to show clearance.

### **Bid Process**

- If the sub-grantee will be going through a bidding process they need to ensure that Section 3 and Davis Bacon wage decision and 4010 is in their bid documents, to include apprentice certificate required. **It is highly recommended** that the H&CD Office Program Manager review the bid documentation and attend the pre-bid meeting to explain these issues to the contractors.
- It is recommended that the bidding process does not proceed until after the sub-grantee agreement has been signed. Bid documents can be prepared and ready to go with needed verbiage and attachments. **Conditional agreements can be signed in order to hold land or help lock in a project.**

### **Section 3 Clause**

The City shall include the “Section 3 Clause” in all applicable covered bids and distribute the appropriate forms related to the below paragraph to all interested parties prior to the opening of bids and entering into contracts.

#### **All Section 3 covered contracts shall include the following clause:**

1. The work to be performed under this contract is subject to the requirements of Section 3 of the Housing and Urban Development Act of 1968, as amended, 12 U.S.C. 1701u (section 3). The purpose of Section 3 is to ensure that employment and other economic opportunities generated by HUD assistance or HUD-assisted projects covered by Section 3 shall, to the greatest extent feasible, be directed to low- and very low-income persons, particularly persons who are recipients of HUD assistance for housing.
2. The parties to this contract agree to comply with HUD’s regulations in 24 CFR part 135, which implement Section 3. As evidenced by their execution of this contract, the parties to this contract certify that they are under no contractual or other impediment that would prevent them from complying with the part 135 regulations.

3. The contractor agrees to send to each labor organization or representative of workers with which the contractor has a collective bargaining agreement or other understanding, if any, a notice advising the labor organization or workers' representative of the contractor's commitments under this Section 3 clause and will post copies of the notice in conspicuous places at the work site where both employees and applicants for training and employment positions can see the notice. The notice shall describe the Section 3 preference, shall set forth minimum number and job titles subject to hire, availability of apprenticeship and training positions, the qualifications for each; and the name and location of the person(s) taking applications for each of the positions; and the anticipated date the work shall begin.
4. The contractor agrees to include this Section 3 clause in every subcontract subject to compliance with regulations in 24 CFR part 135, and agrees to take appropriate action, as provided in an applicable provision of the subcontract or in this Section 3 clause, upon a finding that the subcontractor is in violation of the regulations in 24 CFR part 135. The contractor will not subcontract with any subcontractor where the contractor has notice or knowledge that the subcontractor has been found in violation of the regulations in 24 CFR part 135.
5. The contractor will certify that any vacant employment positions, including training positions, that are filled (1) after the contractor is selected but before the contract is executed, and (2) with persons other than those to whom the regulations of 24 CFR part 135 require employment opportunities to be directed, were not filled to circumvent the contractor's obligations under 24 CFR part 135.
6. Noncompliance with HUD's regulations in 24 CFR part 135 may result in sanctions, termination of this contract for default, and debarment or suspension from future HUD assisted contracts.

### **Davis Bacon**

- The sub-grantee needs to ensure that if Davis Bacon is applicable to the project that the bid documents include the correct wage decision and 4010. Information can be found at [beta.sam.gov](http://beta.sam.gov).

### **Conflict of Interest**

Generally, HUD's regulations at 24 C.F.R. Part 84 and 85 prohibit an employee, officer or agent of the grantee/sub-grantee or recipient/subrecipient from participating in the selection, or in the award or administration of a contract supported by Federal funds if a conflict of interest, real or apparent, would be involved.

Such a conflict would arise when:

- (i) The employee, officer or agent,
- (ii) Any member of his immediate family,
- (iii) His or her partner, or
- (iv) An organization which employs, or is about to employ, any of the above, has a financial or other interest in the firm selected for award....

Note that even apparent conflicts of interest are prohibited.

- There are no exceptions for procurement conflicts of interest.
- A request for a regulatory waiver can be submitted pursuant to 24 C.F.R. § 5.110
- Upon determination of good cause, the Secretary may, subject to statutory limitations, waive any provision of this title and delegate this authority in accordance with section 106 of the Department of Housing and Urban Development Reform Act of 1989 (42 U.S.C. 3535(q)).

## **Section 504**

Section 504 of the Rehabilitation Act of 1973 is a federal law, codified at 29 U.S.C. § 794, that prohibits discrimination on the basis of disability in federally-assisted programs or activities. Specifically, Section 504 states: No otherwise qualified individual with a disability in the United States . . . shall, solely by reason of her or his disability, be excluded from participation in, be denied the benefits of, or be subjected to discrimination under any program, service or activity receiving federal financial assistance or under any program or activity conducted by any Executive agency or by the United States Postal Service. This means that Section 504 prohibits discrimination on the basis of disability in any program or activity that receives financial assistance from any federal agency, including HUD as well as in programs conducted by federal agencies including HUD.

## **Sub-Grantee Agreement Process**

- If the sub-grantee will be creating L/M income jobs they must obtain proof of prior year income from the applicant and maintain this proof in their files. Primary information acceptable is a copy of their latest signed IRS 1040 form with W-2's. Secondary or backup information includes: Bank Statements, Social Security Letter, Retirement Verification, etc. Job creation requires that at least 51% of new jobs, which on a full time equivalent (FTE) basis, are either held by L/M income persons or considered to be available to L/M income persons.
- The Sub-Grantee shall check the suspended and debarred listing at [www.sam.gov](http://www.sam.gov) to ensure that all work being contracted out is not given to a company or individual on the suspended and debarred list. All contractors/vendors must be registered on [www.sam.gov](http://www.sam.gov) in order for you to contract with them.
- A meeting will be set up for the sub-grantee to sign their sub-grantee agreement. This is the first day that the sub-grantee can spend their funding. Nothing purchased prior to this date will be reimbursed. A copy of the Public/General Service Checklist, current Section 8 Income Levels, Demographic Example, Sub recipient A-133 Audit Certification Letter, 24 CFR 84.21-28, 24 CFR 84.40-48, Section 3 Regulation, and Davis Bacon Documents to include: Wage Determination, HUD 4010, Interview Sheet - HUD-1, Certified Payroll – WH-347, and a checklist for reimbursement will be given to the sub-grantee.
- Each request for reimbursement must be accompanied with:
  - Cover letter

- Demographic Information
  - income verification (client must fall below 80% AMI and sub-grantee must maintain copies of verification documentation (IRS 1040 and W-2's) in their file. Note: Housing rehabilitation projects must submit this information to the H&CD Office with their invoice.)
  - racial/ethnic characteristics
  - single head of household
  - elderly
  - disabled
  - new or improved service
  - city resident (sub-grantee must verify client lives in the city limits, i.e. get copy of BOPU bill)
  - invoice or receipt, and a final close out letter

General Service projects must also provide:

- Copies of all bid documents with scope of work
- Bid summary
- Verification that the lowest responsible bid was accepted (if applicable)
  - [if the sub-grantee only has one project that is bid for, then the bid documentation only needs to accompany the first request for reimbursement]
- Invoice
- Lead based paint test results (“Renovate Right” Pamphlet Receipt Notification, Lead Results Report, Contractors Certified Renovator Certificate, Lead Clearance Results, Lead-Safe Housing Rule Checklist and Lead-Safe Housing Rule – Applicability Form)
- Davis Bacon documentation (interviews and signed certified payroll)
- State Historic Preservation Office Letter
- Site Specific (if applicable)
- Photo's (Before, during, and after)
- Permit and Approved Inspection
- Close out letter/memo stating project has been completed and the work was performed satisfactorily.

**NOTE:** If grant is for housing rehabilitation you must ensure that you perform an initial inspection and a final inspection. Prior to payment of work, pre-inspection documentation, a scope of work, and post inspection documentation needs to be provided.

All Rehabilitation Projects for properties prior to 1978 need to have a lead test performed. Payment will not be made unless a lead-based paint report, a Contractors Certified Renovator Certificate, and a lead clearance report are provided. (Follow Lead-Safe Housing Rule Checklist)

- Written monthly reports and requests for reimbursement are required for Public Service projects. The Program Manager will be routinely contacting the sub-grantee via phone or e-mail monthly, or more frequently as needed, to check on the progress.

- Written monthly reports are required for General Service projects to keep the H&CD Office updated on the progress of the project. The Program Manager will be routinely contacting the sub-grantee via phone or e-mail as needed, to check on the progress. If doing a construction project, the Program Manager will contact the sub-grantee monthly, or more frequently, via phone, e-mail or site visits while the work is in progress.

**NOTE:** Lack of communication can become a major issue. Therefore, the Cheyenne H&CD Office (Grantee) will provide frequent (monthly) oversight for the projects throughout the year. The Grantee will communicate with the contact person or Director via e-mail and/or phone and will visit the site for monitoring and possible tour. If there are problems with an invoice or Davis Bacon documentation the H&CD Office will contact the agency via phone or e-mail and the problems must be corrected prior to payment being processed.

- The Sub-Grantee is also required to provide the H&CD Office with updated Audited Financial Statements and updated signed IRS 990 Forms. i.e. 2014 forms provided with application, 2015 and 2016 forms need to be provided during the grant cycle.
- The H&CD Program Manager will send out a formal letter in May informing the sub-grantee how their project is progressing and if the progress is satisfactory or un-satisfactory. The letter will also include the percent of funding that has been reimbursed and the amount of funding still available.
- All requests for reimbursement must be submitted prior to the deadline identified in the sub-grantee agreement.
- If funding will not be spent by the deadline the sub-grantee will need to request an extension or the funding will be recaptured. An extension might not be approved for Public Service grants.
- All sub-grantees are required to submit a final report when the grant year funds have been fully expended. The report contains information on activities, for which Program funds are used, the number of people serviced, the demographics of the people served, and the source and amount of matching funds expended.
- When the project has been closed with HUD then the Program Manager will send out a closing letter to the sub-grantee.

**NOTE:** The Sub-Grantee agrees to acknowledge that the funds are Community Development Block Grant funds in any publicity or news releases that are done for the project. It is encouraged to keep photos of the project. Construction projects are required to have a photo history of the project, before and after photos. Any stories and thank you notes need to be kept with the file.

## **Monitoring**

CDBG sub-grantees are responsible for planning and carrying out their project in accordance with the rules and regulations of state and federal law. The City staff has the responsibility to ensure that the sub-grantees are carrying out their projects in accordance with these applicable

laws and regulations. This includes a full review of the sub-grantee's administrative methods, program implementation and compliance with CDBG regulations.

In order for the H&CD Office to comply with its monitoring responsibilities of sub-grantee projects funded under Title I of the Housing and Community Development Act of 1974, as amended, the following Monitoring Plan will be utilized.

**Objectives:**

- To determine if a sub-grantee is carrying out its CDBG program, and its individual activities, as described in the application for CDBG assistance and the Sub-Grantee Agreement.
- To determine if a sub-grantee is carrying out its activities in a timely manner, in accordance with the schedule included in the Sub-Grantee Agreement.
- To determine if a Sub-grantee is charging costs to the project that are eligible under applicable laws and program regulations, and that they are reasonable in light of the services or products delivered.
- To assess if the sub-grantee has a continuing capacity to carry out the approved project, as well as future grants for which it may apply.
- To comply with the Federal monitoring requirements of 24 CFR 750.501(b) and with 85.40, as applicable.
- To determine if any conflicts of interest exist in the operation of the CDBG program, per 24 CFR 570.611
- To ensure that required records are maintained to demonstrate compliance with applicable Regulations.

**Guidelines:**

The H&CD Office staff maintains contact with sub-grantee personnel in order to achieve the objectives cited above. The following are some of the standard procedures which will be followed.

**- Desk Monitoring.**

The H&CD Office staff will conduct desk monitoring of the project file on a monthly basis and/or every time a request for reimbursement is received. All demographic information, Davis Bacon documentation, etc. will be reviewed and verified. If information is missing or incomplete then the sub-grantee will be contacted via phone and/or e-mail and will need to provide complete documentation before reimbursement can be made.

**- Phone and E-Mail.**

The H&CD Program Manager will maintain monthly contact with the sub-grantee via phone and/or e-mail. Contact with the sub-grantee will be maintained regularly in order to provide overview of the project and to obtain updates on the status. The Program Manager is available at (307) 637-6255 if the sub-grantee has any questions during the program year.

**- On-site Visits to Each Project.**

The Sub-grantee will be informed of the time of an on-site visit, the purpose of the visit and the general subject matter to be covered. An exit review of tentative conclusions will be held with the Sub-grantee to be followed by a formal communication within thirty (30) days.

*New Projects and New Sub-grantees:* At a minimum, each project shall be visited at least twice. The initial visit, preferably prior to a project's start, will review the Sub-grantee's accounting system, review the Sub-grantee's understanding of the program financial requirements, review the Sub-grantees files for required policies and procedures, and review the Sub-grantee's records system for maintaining appropriate programmatic documentation. The second monitoring visit will occur half way into the project. The visit shall review both financial and programmatic records and files, accomplishments and progress in relation to original expectations, programmatic objectives and federal objectives.

The organization for on-site administrative and programmatic monitoring will depend on the type of project but will include compliance with appropriate regulations and provision of required documents. The files will be examined for completeness and a test for reasonableness of expenditures. In addition, the following may also be included: Project Status Report, Summary of Problems Encountered, and a Plan for Problem Resolution.

*Continuing Project's and Experienced Sub-grantees:* At a minimum these projects will be visited at least once every other program year. The timing and content of these visits will be similar to the second on-site visit detailed above.

The intent of on-site monitoring is not just to assure compliance with CDBG program requirements but is also structured to provide specific feedback to the sub-grantee about what they have done well and what needs improvement.

The H&CD Advisory Council may also visit sub-grantees during the program year.

## **Corrective and Remedial Action**

If it is determined that the sub-grantee has not met a requirement of the CDBG Program the H&CD Office will provide written notice of this determination and give the sub-grantee an opportunity to demonstrate within a stated timeline that it has done so. If the sub-grantee is unable to demonstrate compliance, the H&CD Office will take corrective action or remedial action. The corrective action will be designed to prevent a continuation of the deficiency; mitigate; to the extent possible, its adverse effects or consequences; and prevent it recurrence

- Sub-grantees may be required to submit and comply with proposals for action to correct, mitigate and prevent a performance deficiency through one or more of the following:
  - Prepare and follow a schedule of actions for carrying out the affected activities, consisting of schedules, timetables, and milestones necessary to implement the affected activities;
  - Establish and follow a management plan that assigns responsibilities for carrying out the remedial action;
  - Cancel or revise activities likely to be affected by the performance deficiency, before expending program funding for the activity.
- Grant agreements may be terminated when corrective actions are not addressed within the

prescribed period. For further details, please contact H&CD Office staff and/or review the applicable sub-grantee agreement.

### **Closeout Procedures**

This section is designed to help you understand the process for ending a CDBG funded Agreement. The CDBG grant closeout process takes place when:

- The project is complete,
- Monitoring has occurred, and
- All of the CDBG funds have been spent by the sub-grantee

The closeout of a contract is the process by which the sub-grantee has determined that all required work under the Agreement has been completed. This means that all financial, administrative and performance issues related to the activities undertaken by the sub-grantee must be resolved to the satisfaction of both the sub-grantee and the H&CD Office. The following is a general listing of steps for program closeout:

#### **Programmatic Closeout:**

- The sub-grantee retains all program records for a period of four (4) years after the close out of the Agreement;
- The sub-grantee submits to the City, no later than thirty (30) days past the end of the fiscal year, an audit of expenditures prepared with the following columns:
  1. Total amount budgeted
  2. Total Expenditures
  3. Balance of any funds remaining in your agency account at the end of the Agreement term will be automatically reprogrammed to the general CDBG contingency account.

#### **Final Program Evaluation and Reports:**

- At the request of the H&CD Office, the sub-grantee shall submit a final program evaluation report no more than thirty (30) days after the program year's final date. This report summarizes the final total of unduplicated clients served by the agency. It also summarizes the agency's accomplishments toward attaining the goals and objectives of the program. A financial summary may also be requested.
- The final evaluation report analyzes the accomplishments and states any procedures or actions that may have increased the effectiveness of the program.
- H&CD Office staff may schedule an evaluation meeting to review performance. The sub-grantee is evaluated on program performance and financial record keeping with respect to Agreement compliance. For public service programs, a participant evaluation of the services may be required.

#### **Recaptured Funding:**

Any funding that is not spent by the Sub-Grantee will be recaptured and made available for general service projects. If a Sub-Grantee has a project outside of the normal grant cycle they

are welcome to provide an out of cycle grant request to the H&CD Advisory Council. These out of cycle requests will be reviewed on a first come first serve basis with emergency situations given preference.

The recaptured funds can only be released after a full application has been received and approved by the Advisory Council, a resolution has been approved by City Council, an environmental review, and a NOI/RROF has been approved by HUD.

It will take a minimum of 5 months from the receipt of the application to the release of funds.

**Sub-Grantee Agreement Modification:**

This document will be updated/amended on an as needed basis by the H&CD Office Program Manager and the H&CD Advisory Council.

## Appendix A

### Public Facilities and Improvements

Examples of public facilities include senior, handicapped, youth, or neighborhood centers, shelters for the homeless, and child care centers. Infrastructure improvements include street, sidewalk, water, sewer, flood, and drainage improvements.

**Does not include:** Costs of operating or maintaining public facilities/improvements.

#### 03J Water/Sewer Improvements

Water/Sewer Improvements include installation or replacement of water lines, sanitary sewers, storm sewers, and fire hydrants. All water/sewer projects undertaken with only minor or no street improvements should be coded as 03J. Repaving of streets is generally required as part of the installation of water/sewer improvements. However, if the activity is primarily for the purpose of street improvements but involves some water/sewer improvements, the activity should be coded as 03K, Street Improvements. For example, an activity that involves paving 6 blocks of Main Street and installing 100 feet of new water lines in one of those blocks should be classified under 03K. Activities classified under the 03J code generally should not include flood and drainage facilities; flood and drainage facilities should be classified under 03I.

#### 03K Street Improvements

A street improvement project may include installation or repair of streets, street drains, storm drains, curb and gutter work, tunnels, bridges, and the installation of street lights or signs. If sidewalks and trees will be installed as a peripheral part of a street improvement, the activity should still be coded as Street Improvements. Street improvements that include landscaping, street lights, and/or street signs (commonly referred to as “streetscapes”) should also be coded 03K. See also the discussion above in 03J, Water/Sewer Improvements.

#### 03L Sidewalks

Use this code when an activity is for the purpose of sidewalk improvements (not repairs or replacement). Sidewalk improvements include the installation of trash receptacles, trees (planting and removal – if a tree is removed another tree must be planted), benches, lighting, bus stop (to include a sign and/or a shelter), exercise stations, retaining walls, decorative pavements, railings, sculptures, pools of water and fountains, works of art, and bike racks.

#### 03N Tree Planting

Activities that are limited to tree planting (sometimes referred to as "beautification") should be coded under 03N. As noted under 03K and 03L, tree planting included as part of a streetscape activity should be coded 03K, and tree planting included as part of sidewalks should be coded 03L.

## Housing

Housing includes new construction, rehabilitation, and delivery costs. For CDBG, housing rehabilitation includes "handy-person," paint, smoke detector, and lock installation programs as well as water and sewer connections to housing. (Landscaping may be included as part of a rehabilitation project when performed in conjunction with other rehabilitation activities.) Code 14A should be used for single-family housing, and 14B should be used for privately owned multi-family rehabilitation. For CDBG, the rehabilitation of facilities or shelters for homeless persons may not be coded under the 14 series. The construction or rehabilitation of homeless shelters and group homes is not generally considered housing; rather, it is considered "public facilities" under the CDBG program. However, for programs designed to provide permanent housing for homeless persons (rather than temporary shelter), such rehabilitation may be coded under the 14 series.

### **14A Rehabilitation: Single-Unit Residential**

**NOTE:** Under CDBG, single family means one-unit structures.

To include: Labor, materials, and other costs of rehabilitation of properties, including repair directed toward an accumulation of deferred maintenance, replacement of principal fixtures and components of existing structures, installation of security devices, including smoke detectors and dead bolt locks, and renovation through alterations, additions to, or enhancement of existing structures. Improvements to increase the efficient use of energy in structures through such means as installation of storm windows and doors, siding, wall and attic insulation, and conversion, modification, or replacement of heating and cooling equipment, including the use of solar energy equipment. Improvements to increase the efficient use of water through such means as water savings faucets and shower heads and repair of water leaks; Connection of residential structures to water distribution lines or local sewer collection lines; Initial homeowner warranty premiums; Procedures concerning inspection and testing for and abatement of lead-based paint; Costs of acquiring tools to be lent to owners, tenants, and others who will use such tools to carry out rehabilitation; Removal of materials and architectural barriers that restrict the mobility and accessibility of elderly or severely disabled persons.

### **DEFINITIONS:**

**REHABILITATION:** The labor, materials, tools, and other costs of improving buildings, other than minor or routine repairs. The term includes where the use of a building is changed to an emergency shelter and the cost of this change and any rehabilitation costs does not exceed 75 percent of the value of the building before the change in use. Examples are: New landscaping, construction of walkways, driveways or parking areas, new exterior siding, wood floor replacement, roof replacement, replacement of all doors or windows, new drywall, new drop ceilings, kitchen remodel, staircase replacement, new plumbing system, new fire sprinkler system.

**RENOVATION:** rehabilitation that involves costs of 75 percent or less of the value of the building before rehabilitation.

**MAINTENANCE:** Maintenance and repair of publicly owned streets, parks, playgrounds, water and sewer facilities, neighborhood facilities, senior centers, centers for persons with

disabilities, parking and other public facilities and improvements. Examples of maintenance and repair activities for which CDBG funds may **not** be used include the filling of pot holes in streets, repairing of cracks in sidewalks, the mowing of recreational areas, and the replacement of expended street light bulbs, trimming trees and shrubs, fencing, cleaning and fixing gutters and downspouts, replacing a single severely damaged window to match, patching or mending cracked plaster, patching or fixing holes or cracks in drywall, replacing stained ceiling tiles, painting or wallpapering, stripping wooden floors and resealing, installation or replacement of carpeting or vinyl flooring.